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STATE OF CALIFORNIA
NEW MOTOR VEHICLE BOARD

A G E N D A
SPECIAL MEETING

Hyatt Grand Champions Resort
Gardenia AB Room
44-600 Indian Wells Lane
Indian Wells, California 92210
(760) 341-1000

April 25, 2002

The following Board development topic is for informational purposes and no Board action will be taken.

1. **2:00 p.m. -- Meeting called to order.**
2. **Roll Call.**
3. **Roundtable discussion of the automotive industry in general and factory specific issues of interest by the following manufacturers/distributors:**
 - a. AMERICAN HONDA MOTOR COMPANY, INC.
Frank Beniche, Senior Manager, Market Representation
Bill Green, Manager, Market Planning
Lorrie Hutton, Manager, Dealer Development
Steve Jaros, Manager, Dealer Placement
Mike Lynch, Zone Sales Manager
Dave Sunell, Assistant Manager, Market Representation
 - b. BMW OF NORTH AMERICA, INC.
Steve Seward, Business Development Manager, Western Region
 - c. DAIMLERCHRYSLER CORPORATION
Andrew Conn, Acting Los Angeles Zone Manager
Jim Dimond, Network Planning Senior Manager/National Dealer Placement Manager
Eric Munk, Los Angeles Zone Dealer Placement Manager

4. FORD MOTOR COMPANY
Gary Lessuise, Lincoln-Mercury Dealer Relations Manager
Jim O'Sullivan, Lincoln-Mercury Franchise Manager
Mark K. Redman, Esq., Counsel for Lincoln-Mercury,
Counsel for Aston Martin, Jaguar, Land Rover
Melanie Waiegner, Regional Manager for Government Affairs
5. GENERAL MOTORS CORPORATION
R.F. "Ron" Sobrero, General Manager, Dealer Relations, Vehicle Sales,
Service & Marketing
6. KIA MOTORS AMERICA, INC.
Alexander J. Larkin, Manager, Franchise Development
7. TOYOTA MOTOR SALES, USA., INC.
Bob Dutton, Manager, Franchise Affairs Strategy
Deborah Goldman, Managing Counsel
Steve Haag, National Franchise Affairs Manager

- Board Development Committee.

4. **Adjournment.**

TOPICS FOR INDUSTRY ROUNDTABLE

April 25, 2002
Hyatt Grand Champions Resort
2:00 p.m.

1. **Widows and Heirs Owning Dealerships**
There are a number of potential problems associated with widows and heirs owning and operating a dealership. What strategies may be utilized by manufacturers/distributors and dealers to ensure a successful transition? If not successful, when should the factory step in?
2. **Impact of Public Corporations on the Traditional Dealership Structure**
Public dealership groups, such as AutoNation and Lithia Motors, are increasingly purchasing local dealerships, and arguably are beginning to dominate market areas. Some manufacturers/distributors are now allowing such corporations to own multiple line-make franchises in an area, while other manufacturers/distributors are more restrictive. What is the impact of these changes on the traditional independent dealer concept and the public?
1. **Impact of Consolidation of Line-Makes on the Small, Independent Dealer**
Increasingly manufacturers/distributors are encouraging fewer and larger dealers as part of a marketing strategy that includes consolidation of line-makes (e.g., Chrysler, Jeep, and Metro) which may increase dealer sales volume and customer satisfaction. To what extent does this conflict with the concept of small, independent dealers? What are the advantages and disadvantages of consolidation?
2. **Impact of Manufacturers/Distributors Preventing Dualing**
In an effort to gain exclusivity for their respective line-makes, manufacturers and distributors are preventing dualing of dealerships with competing lines. What impact does this have on rural dealers that cannot justify exclusive facilities? If factories are favoring consolidation of their own lines, what is the impact on a franchisee if there are no additional lines available from their franchisor and dualing with a competing line is the only feasible option?
3. **Impact of Vehicles Being Purchased from Canadian Dealers and Imported for Delivery to California Purchasers**
The Department of Motor Vehicles has discovered a situation where Arizona and Washington dealers are purchasing new vehicles from Canada and importing the vehicles (Acura, Honda, and Toyota) from Canada into California for sale and delivery to California consumers. The vehicles all meet California emission requirements, have Department of Transportation and Environmental Protection Agency required labels, and the dashboard instruments may be electronically converted from kilometers to miles per hour. Apparently, the cost of these vehicles to Arizona and Washington dealers is substantially less than California dealers pay because manufacturers/distributors charge Canadian dealers substantially less than United States dealers for the same new vehicles. What impact do these activities have on California licensed dealers of the same line-make? What is the impact on manufacturers/distributors? What, if anything, can (or should) manufacturers and distributors do to prevent the importation of Canadian vehicles into California?